

## **Commission Meeting Minutes June 9, 2021**

Chairman Philip Y. Brown called the meeting to order at 11:05 AM. He then stated that the Commission meeting is being tape recorded and this will be so noted in the minutes.

Chairman Brown acknowledged the other Commissioners participating: Commissioners Timothy Dooling, Kathleen Fallon, Kate Fitzpatrick, Richard MacKinnon, and Jennifer Sullivan. Commissioner James Machado arrived at the meeting at approximately 11:20 am. All attendees participated remotely pursuant to Governor Charles Baker's Executive Order dated March 12, 2020. Therefore, the Chairman announced, any votes in this meeting shall be taken by roll call vote.

PERAC Staff attending remotely: Executive Director John Parsons, Deputy Executive Director Caroline Carcia, General Counsel Judith Corrigan, Assistant Deputy Director Bill Keefe, Assistant Deputy Director Ken Hill, Actuary John Boorack, Compliance Director Tom O'Donnell, Director of Audits Caryn Shea, Senior Associate General Counsel Patrick Charles, Associate General Counsel Felicia McGinniss, Project Manager Tony Tse, and Kim Boisvert, Senior Executive Assistant.

The guests introduced themselves: Brianna Tsui, Legal Intern from the State Auditor's Office, John Brown, representing Middlesex County and MACRS, Nick Favorito representing the State Retirement System, Sean Neilon representing the Massachusetts Teachers' Retirement System, Thomas Gibson representing Middlesex County and Belmont Retirement Boards, and Kathleen Kiely-Becchetti, representing MACRS, Norfolk County and Watertown.

Commissioner Dooling made a motion to adopt the May 12, 2021 Commission meeting minutes. Commissioner Sullivan seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, Richard MacKinnon YES, and Jennifer Sullivan YES, and the minutes were unanimously adopted.

Commissioner Dooling made a motion to adopt the May 12, 2021 Administrative Sub-Committee meeting minutes. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon Abstain, Kate Fitzpatrick YES, Richard MacKinnon YES, and Jennifer Sullivan Abstain, and the minutes were unanimously adopted.

Commissioner Fallon and Sullivan both abstained from voting on the Administrative Sub-Committee minutes as they are not members on the committee and inquired if it was appropriate. Somewhat later in the meeting, Ms. Corrigan explained that a parent public body may approve one of its sub-committee's minutes. When that happens, none of the members of the public body need to abstain from approving the minutes.

## **Legal Update**

Ms. Corrigan reported that since the last Commission meeting, PERAC has had one legal case to report that Associate General Counsel Felicia McGinniss will discuss in detail.

Ms. McGinniss reported on the DALA decision in Maryann Heuston v. Somerville Retirement Board & PERAC, CR-20-0381 and Richard Willette v. Somerville Retirement Board & PERAC, CR-20-0282 both regarding whether salaries set by city ordinance would qualify for the salary “specified by law” exception to the anti-spiking provisions of G.L. c. 32, § 5(2)(f). Ms. McGinniss informed the Commission that in both cases, CRAB has taken the initiative to review them. Although CRAB has authority to review cases on their own initiative without appeal as provided for in G.L. c. 32, § 16 (4), this is very unusual and has rarely happened.

## **Legislative Update**

Mr. Keefe updated the Commission that the Senate passed its budget on May 27, 2021. The Senate budget as did the House budget included a 3% COLA for State and Teacher’s retirees. The Senate did not include language nor adopt other amendments relative to the retirement community that were in the House budget. A six-member committee will reconcile the differences proposed by both branches for submission to the Governor. Mr. Keefe noted the following budget sections that we will be monitoring:

Section 8B which would change the appointment of the public safety union representative on the PRIM Board. Section 8C would increase the hours limit for public retirees from 960 to 1,200. Sections 15A, 15B, 15C, 15D, 15E would provide for a raise for court clerks. Section 8A would provide for a raise for Sheriffs.

Lastly, Senator John Keenan introduced an amendment to authorize Pension Obligation Bonds to fund all or a portion of the unfunded liability for the Plymouth County Retirement System. The amendment was not adopted and a bill has not been filed.

Mr. Keefe reported that the Public Service Committee met on May 19 and June 2, during which time period they heard over 65 bills. PERAC has provided input on matters of consistency and of a technical nature to the committee on several bills.

Mr. Keefe reported that the Senate passed a bill to extend some of the pandemic waivers for open meeting, notarization and post-retirement work in the public sector. The bill is now with the House as they try to meet the June 15 date for the end of the state of emergency.

Mr. Keefe reported on PRIM’s April returns, which was 2.70%, topping the fund at \$93.3B as of April 30. For FY21, the return is 25.0% and for the one-year period ending April 30, 2021, the return is 28.2%.

### **Audit Update**

Ms. Shea reported that since the last Commission meeting, PERAC has released the Greenfield Audit and completed two follow-up audits of Somerville and Minuteman Retirement Boards. She reported that the Greenfield Audit had no findings and in regard to both follow-up audits, the issues listed in the audits have been resolved. She explained that there are currently 16 audits in process. Of those 16 audits, 3 are with the board awaiting its response, 2 are in the exit pending stage, 2 are in the field work review/revisions phase, 7 are in the field work phase, and 2 are in the planning stage. Ms. Shea also stated that 95 annual statements have been received to date.

### **Compliance Update**

Mr. O'Donnell reported that to date, there have been 799 course completions by board members. This number does not include the attendance and credits from the MACRS conference that was held on June 6 and June 7 and the PRIM/PRIT virtual webinars. In addition, 441 of 507 board members have filed their 2020 Statement of Financial Interests (SFI) in PROSPER. Additionally, 51 Investment Service Providers have been procured by approximately 10 retirement boards to date.

Mr. O'Donnell highlighted that the Securities and Exchange Commission (SEC) has awarded more than \$900 million to whistleblowers since the inception of this program in 2011. Since the program started, it has resulted in more than \$3.5B in financial remedies and has proven successful.

### **Executive Director's Report**

Mr. Parsons discussed staff activities since the last Commission meeting which are highlighted in the materials. He reported that Patrick Charles, Katie Brady, and himself presented at the MACRS virtual conference on June 7-8, 2021. Other PERAC staff members attended the conference. Mr. Parsons reported that included in the materials are copies of letters to Chairs of Public Service and Ways and Means reporting PERAC's FY23 budget.

Mr. Parsons updated the Commission on Hampden County Retirement Board's activities relating to corrective action on the audit findings released by PERAC. He stated that Caryn Shea, Bill Keefe, and himself continue to meet the administrator on a weekly basis to review and oversee the steps taken by the board to remedy its issues.

Mr. Parsons updated the Commission with regards to the imminent lifting of the State of Emergency, and reported on reopening the office to the public and a revised teleworking schedule for the staff.

### **Other Business**

Chairman Brown stated that the next Commission meeting would be held on July 14, 2021 at 11:00 AM. He inquired about having the meeting at the PERAC offices and asked if members were interested. The Commissioners were in favor of meeting in person, however, they also inquired about certain technologies which would be available to the public who could not travel

to Somerville, so they could attend the meeting if they wanted to do so. A discussion ensued regarding the feasibility of certain methods of communication, including continuing to provide the public with a call-in number. It was determined that PERAC is not equipped to provide video conferencing at this time. Mr. Parsons stated that staff would look into various options and report to the Commission. The Commission members were supportive of equipping the Commission meetings for easier public access.

Commissioner Machado made a motion to adjourn the Commission meeting. Commissioner Dooling seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, Richard MacKinnon Yes, James Machado YES, and Jennifer Sullivan YES, and the motion was unanimously adopted. The Commission meeting adjourned at 11.47 AM.

#### **Commission Meeting Documents**

Commission Agenda for the meeting June 9, 2021

Commission Minutes from May 12, 2021

Administrative Sub-Committee Minutes from May 12, 2021

#### **Legal Update**

Maryann Heuston v. Somerville Retirement Board & PERAC, CR-20-0381

Richard Willette v. Somerville Retirement Board & PERAC, CR-20-0282

#### **Legislative Update**

Memorandum regarding Legislative updates

#### **Audit Update**

Greenfield Retirement System Audit

Somerville Retirement System follow-up letter

Minuteman Retirement System follow-up letter

Audit Tracking Report

#### **Compliance Update**

Memorandum regarding Compliance updates

#### **Executive Director's Report**

Staff Activities

FY22 Budget Policy Letters – 99-001

Approved:



Philip Y. Brown, Chairman  
Public Employee Retirement  
Administration Commission